

AMENDED IN ASSEMBLY MAY 1, 2000  
AMENDED IN ASSEMBLY APRIL 10, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

## ASSEMBLY BILL

**No. 2251**

**Introduced by Assembly Member Cox**

February 24, 2000

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An act to add Sections 702 and 1726 to the Insurance Code, relating to insurance.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2251, as amended, Cox. Insurance: sales: Internet: disclosure.

Existing law requires a licensed insurance agent to have printed on specified documents their license number.

This bill would require any person who is licensed as an insurance agent or broker or an insurer that maintains a certificate of authority to transact insurance in this state, and advertises for the sale of insurance on the Internet and transacts insurance in this state, to provide on the Internet website specified identifying information, including an insurance license number or certificate of authority number. The bill would specify when ~~an insurer or~~ a person advertising insurance on the Internet is transacting insurance in this state. The bill would require an insurer that advertises on the Internet and is not admitted in California to follow specified provisions relating to advertising by nonadmitted insurers.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 702 is added to the Insurance  
2 Code, to read:

3 702. (a) An insurer that maintains a certificate of  
4 authority to transact insurance in this state, advertises  
5 insurance on the Internet, and transacts insurance in this  
6 state, shall identify all of the following information on the  
7 Internet website it maintains or is maintained on its  
8 behalf:

9 (1) Its name as it appears on its California certificate  
10 of authority, and if different, the name approved by the  
11 commissioner for doing business in this state.

12 (2) The address of its domicile and its principal place  
13 of business.

14 (3) The number on its California certificate of  
15 authority.

16 (b) An Internet website maintained by or on behalf of  
17 an insurer not admitted to transact insurance in this state  
18 constitutes an advertisement, and the insurer shall  
19 comply with the requirements of Section 703.1.

20 ~~(c) An insurer shall be deemed to be transacting~~  
21 ~~insurance in this state when the insurer advertises on an~~  
22 ~~Internet website maintained by or on its behalf, and does~~  
23 ~~any of the following:~~

24 ~~(1) Provides an insurance premium quote to a~~  
25 ~~California resident.~~

26 ~~(2) Accepts an application for coverage from a~~  
27 ~~California resident.~~

28 ~~(3) Communicates with a California resident~~  
29 ~~regarding one or more terms of an agreement to provide~~  
30 ~~insurance or an insurance policy.~~

31 (c) A person who advertises on an Internet website  
32 shall be deemed to be transacting insurance in this state  
33 if it does any of the following:

34 (1) Provides an insurance premium quote specifically  
35 to a California resident.

1 (2) *Accepts an application for coverage from a*  
2 *California resident.*

3 (3) *Otherwise communicates with a California*  
4 *resident regarding one or more terms of an agreement to*  
5 *provide insurance or an insurance policy.*

6 *This subdivision shall not apply when a person conveys*  
7 *a quote, accepts an application, and conducts all*  
8 *communications with a California resident solely through*  
9 *a surplus line broker or special lines' surplus line broker*  
10 *pursuant to California surplus line laws.*

11 SEC. 2. Section 1726 is added to the Insurance Code,  
12 to read:

13 1726. (a) A person that is licensed in this state as an  
14 insurance agent or broker, advertises insurance on the  
15 Internet, and transacts insurance in this state, shall  
16 identify all of the following information on the Internet  
17 website it maintains or is maintained on its behalf:

18 (1) Its name as it appears on its insurance license, and  
19 any fictitious name approved by the commissioner.

20 (2) The address of its domicile and principal place of  
21 business.

22 (3) Its license number.

23 (b) A person shall be deemed to be transacting  
24 insurance in this state when the person advertises on an  
25 Internet website maintained by or on its behalf, and does  
26 any of the following:

27 (1) Provides an insurance premium quote to a  
28 California resident.

29 (2) Accepts an application for coverage from a  
30 California resident.

31 (3) Communicates with a California resident  
32 regarding one or more terms of an agreement to provide  
33 insurance or an insurance policy.